



# AMERICANS FOR TAX REFORM

GROVER G. NORQUIST

PRESIDENT

December 13, 2006

Marlene H. Dortch, Secretary  
Office of the Secretary  
Federal Communications Commission  
236 Massachusetts Ave., N.E., Suite 110  
Washington, DC 20002

Re: MB Docket No. 05-311; Implementing Communications Act

Dear Secretary Dortch:

As the Commission may be aware, we have called on Congress and state legislatures to free all actors from the local franchise system equally, as opposed to picking winners and losers. We hope the Commission will take steps to ensure that all video providers – both incumbents and new entrants – compete on a level playing field to offer consumers more choices at lower prices.

Throughout the nation, video providers are forced to negotiate complex contracts with over 30,000 franchising jurisdictions – a significant barrier to entry for new competitors and a burden on current providers. In 2004, franchise fees generated approximately \$2.4 billion in revenue, essentially a tax of more than \$37 per subscriber household.

The current franchising system was conceived when no competition existed between the cable and telecommunications industries, allowing local governments to tax and regulate both services without consequence. Now multiple industries are prepared to offer diverse and innovative video services, but the franchising system severely inhibits new entrants to the marketplace while impeding the ability of incumbent providers to innovate. If a provider obtained a franchise agreement in one jurisdiction per day, it would take more than eighty years to be able to reach every subscriber in America.

The solution is pre-emption at the state or national level, which will free competitors from the labyrinth of local jurisdictions that currently inhibit broadband deployment, deprive consumers of choices, and keep prices high. Federal or state pre-emption should also apply to all providers equally, rather than favoring one competitor or group of competitors at the expense of another.

I strongly urge the Commission to stand for free markets and competition by supporting pre-emption of local franchising authority in a manner that creates a level playing field for all providers. To do so will be of great benefit to taxpayers and consumers.

Respectfully submitted,

Grover Norquist